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C O N F I D E N T I A L KABUL 000804

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E.O. 12958: DECL: 01/10/2015
TAGS: [PREL](#) [ECON](#) [PTER](#) [PREF](#) [EAID](#) [AF](#) [PK](#)
SUBJECT: LOOKING FOR WAYS TO EXPAND AFGHANISTAN-PAKISTAN
COOPERATION

REF: KABUL 594 (NODIS)

Classified By: Ambassador Ronald Neumann for reasons 1.4 (b)
and (d)

11. (U) Classified by Ambassador Ronald Neumann 1.4 (d).
This is a joint Embassy Kabul/Embassy Islamabad cable.

12. (C) Positive Afghan-Pak relations are essential to long-term stability in Afghanistan and to U.S. strategic objectives in the struggle against terrorism. President Bush's visit to Pakistan (and India) offers significant opportunities to move Afghan-Pakistani relations in more positive directions. While Karzai and Musharraf appear increasingly disposed, on a personal level, to explore possibilities for expanded cooperation, domestic political pressures on each leader limit the range of options. Karzai insists he cannot appear too forthcoming "until the (suicide and IED) bombings stop," and seeks reassurance that Pakistani policy does not deliberately seek instability in Afghanistan. Musharraf must contend with a border region which is not fully under his control, and deflect any hint of Afghan interest in unifying the Pashtuns. Creative U.S. leadership at this time can help the moderate leaders of these two pivotal states build a lasting, cooperative relationship, despite the formidable obstacles they both face. This cable offers some options in the areas of economy, security, refugees, border management, and cultural exchanges. End Summary.

13. (C) Karzai and Musharraf made some progress on their own during Karzai's February 15-17 visit to Pakistan. The meeting included frank exchanges on the security concerns of both sides, with the Afghans focusing on Taliban incursions across the border and the Pakistanis on narcotics trafficking and alleged Indian gun-running into Baluchistan. Building trust between the two sides will take time and visible moves by both sides, but the visit broke new ground as both countries laid their cards on the table.

14. (C) President Bush's visit to the region is a chance to build on this visit and reinforce the need for a positive dynamic. Embassies Kabul and Islamabad, following Ambassador Crocker's February 10 consultations in Kabul with Ambassador Neumann and President Karzai, offer the following list of possibilities:

Economic

15. (C) Reconstruction Opportunity Zones (ROZ), aka QIZ's:
At the December 1, 2005, bilateral Trade and Investment

Framework Agreement (TIFA) talks held in Washington, the Afghan side asked for USTR feedback on the feasibility of a ROZ program for Afghanistan. The President of the Afghan Investment Support Agency (AISA) followed up with a December 9 letter to Ambassador Quinn, asking about the possibility of designating certain USAID-funded industrial parks as ROZ's. The Pakistani government has also expressed interest in this idea, particularly following the earthquake. Both governments understand that forward movement on a ROZ program would require passage by the U.S. Congress of new legislation, which could be difficult given likely opposition from the U.S. textile industry. An ROZ program would fit in well with USAID's support for building industrial parks in Afghanistan, and with U.S. interest in responding to Pakistan's repeated requests for greater market access (particularly as U.S. FTA programs erode Pakistani products' competitiveness in the U.S. market). ROZ's would represent an exciting new dimension in cooperation between Afghanistan and Pakistan with strategic national security implications for the United States.

¶6. (C) During his visit to Pakistan, President Bush could announce that the USG will explore with both the GOP and the GOA the prospects for establishing Reconstruction Opportunity Zones as a means to foster improved cross-border cooperation on economic development and trade issues. In Afghanistan, ROZ's could be established in planned industrial parks for Nangarhar, Kandahar and Helmand provinces. The industrial parks provide collective security and access to electricity and water resources as well as secured land title. These ROZ's will create permanent jobs and complement alternative livelihood programs. In Pakistan, ROZ's could be established at selected industrial zones in the Federally Administered Tribal Areas (FATA), and in earthquake-affected areas of the Northwestern Frontier Province (NWFP) and Azad Jammu and Kashmir (AJK). Even before the earthquake, these were among Pakistan's poorest regions and long-standing sources of extremism. Not only would this help generate jobs and

economic opportunity in Pakistani regions facing vast development challenges, it would also reinforce the U.S. message that trade, not aid, will be the underpinning of the U.S.-Pakistan economic relationship, as Pakistan's economy shifts towards sustainable growth.

¶7. (C) Suggested Next Steps to Follow Possible Presidential Announcement: a) Meet with the GOA (Commerce Ministry and AISA) to discuss which Afghan-sourced products could be used to meet the minimum Afghan content requirement. b) Meet with the GOP (Commerce and Finance Ministries) to discuss which Pakistani products (finished products or inputs) would be likely candidates for joint production with Afghanistan. c) Analyze which product categories would benefit both Afghanistan and Pakistan without posing a threat to U.S. manufacturers. Key Afghan raw materials would likely be leather, fruits, vegetables, clay, ceramics, marble, and semi-precious stones. d) Assess the industrial parks already planned for Kandahar, Helmand and Jalalabad to determine whether they could appropriately be designated as ROZ's, including governance and management of industrial parks as ROZ's. e) Assess the suitability of various areas in Pakistan's FATA, NWFP, and AJK for industrial parks with ROZ eligibility. f) Analyze how to structure the collaborative relationship between the two countries.

Cross Border Security Issues

¶8. (C) The "Pashtun Belt" sits astride the Afghanistan-Pakistan border, superimposed on both states by a 19th Century British demarcation (the Durand line) that, on paper, still divides the Pashtun tribal homeland in two. In reality, many of the Pashtun Belt's inhabitants pay little or no attention to this border, and much of their tribal space is beyond the reach and control of either Kabul or Islamabad. As a result, the rugged, mountainous terrain of the Pashtun Belt provides easy safe haven, mostly on the Pakistan side, for Al Qaeda, Taliban and anti-coalition militant (ACM) groups to transit in and out of Afghanistan

for insurgent activity (suicide bombings, IEDs). These groups are seeking to consolidate areas of the FATA, especially in Waziristan, under their control through killings of moderate officials, mullahs, and government supporters. Failure of the two governments, first to constrain, and then to eliminate this safe haven:

- Threatens the success of the OEF campaign in Afghanistan and the long-term security of the Kabul government;
- Challenges the long-term stability of Pakistan) and its nuclear arsenal; and
- Poses a re-emergent strategic threat to the United States by creating, if unchecked, the prospect of the same permissive environment for international terrorists aiming to strike the U.S. homeland that triggered the 9/11 attacks and the subsequent OEF intervention in Afghanistan.

¶9. (C) To address the problem effectively, Pakistan and Afghanistan need to see the status quo in the Pashtun Belt as a common threat. There is some indication that both sides are moving slowly toward this perspective) and the United States should proactively encourage this trend. In addition:

- We must seek a reaffirmation of Pakistan's commitment to deny Al Qaeda, Taliban and ACM's sanctuary in the border region, and to focus its own forces as well as existing and future U.S. military training and assistance much directly on this issue. However, Pakistan will be reluctant to undertake large-scale troop movements from its western border absent progress in talks with India.

- We should recognize Pakistan's effort over the past year to support the U.S. coalition-led Tripartite Commission, which aims to develop enduring Afghan-Pakistan military-to-military ties, and strongly encourage Pakistan to continue and build on this effort. The Tripartite Commission is yielding positive and tangible results along the border in Regional Command - East, and is also building trust and effective professional relationships between Afghans and Pakistanis at operational and senior levels. This effort will also soon encompass the border area in Regional Command-South; and,

- We should work with both sides to set the conditions for stability in the Pashtun Belt through upgraded civil-military activity focused on infrastructure, education, and other quality of life enhancements - on both sides of the border.

Musharraf has tasked his Minister of Industries and Special Projects with responsibility for drawing up a comprehensive development plan for the FATA. The enormous surge in pro-U.S. sentiment that accompanied the USD 98.7 million Pakistan earthquake relief effort could be a model for the GOP itself in the Pashtun Belt if directed strategically at key needs there

¶10. (C) Given the growing concern about sanctuary and infiltration of insurgents along the Pakistani-Afghan border in the south, President Bush could encourage Afghan/Pakistan coordination there, through the Tripartite process. Outside the Tripartite process, Afghan and Pakistani intelligence chiefs could intensify dialogue on perceptions of a common enemy, and specific Taliban leaders could be arrested and turned over to Afghan authorities. Pakistani concerns about the presence of small numbers of Indian paramilitary forces in southern Afghanistan to provide security for Indian road builders could also be addressed.

¶11. (C) We need to continue to press the Pakistanis to more aggressively attack the Al Qaeda and ACM presence in the Tribal Areas. President Musharraf should be pressed on this point, noting that we want the Pakistan military to succeed.

¶12. (C) Afghanistan and Pakistan increasingly share a common interest in resolving the issue of Afghan refugees living in Pakistan, particularly in concentrations around Peshawar and Quetta. The Afghans see refugee camps as havens for Taliban leadership and centers of recruitment for terrorists, while the Pakistanis have expressed concern about the drain on their economy of hosting three million "guests".

Measured progress is important, and the recent agreement between the GOA and GOP to close four camps early in 2006 is a step forward. Afghanistan does not have the capacity to support an immediate, wholesale return of refugees. In a bid to increase Afghanistan's absorption capacity, State/BPRM and USAID are supporting the GOA's pilot land distribution programs.

¶13. (C) This may not be enough. The policy priority of returning refugees to Afghanistan now trumps the priority of helping them in Pakistan. As much as possible, funding for refugees should shift across the border to areas of high return in Afghanistan. However, given the strong possibility that all refugees in Pakistan will not be able to return to Afghanistan, it is also important to develop a border-management strategy to allow a certain amount of regulated labor migration. President Bush could signal an appreciation for Pakistan's willingness to work in concert with Afghanistan and UNHCR to solve these issues, and signal as well a shift in U.S. funding to refugees in Afghanistan. As U.S.-funded programs draw down, we will have to ensure that refugees remaining in Pakistan are not thrown into the arms of Islamist charities and madrassas.

Border Management

¶14. (C) Border management is (at least superficially) at the heart of Afghan-Pakistani concerns. The U.S. is deeply involved in efforts to enhance border regimes along all of Afghanistan's borders, in order to counter terrorists and narcotics trafficking and raise customs revenues. Improving cooperation between the Afghan and Pakistani governments at a key border crossing (e.g., Spin Boldak or Towr Kham) could build trust and lay the groundwork for more effective efforts to prevent insurgents from crossing into Afghanistan, while also enhancing Pakistani confidence in Afghan intentions. President Bush could propose cooperative actions that would reduce opportunity and incentives for illegal activities at and near the key border crossing points. Potential actions could include enhanced sharing of intelligence related to illicit movements in both directions, a further reduction in import duties for imports from Afghanistan into Pakistan, and securing unofficial and known smuggling routes at the border.

(The creation of ROZ's, as proposed above, would provide alternative economic incentives to smuggling, while offering employment and enhancing regional stability.)

People-to-People

¶15. (C) Although cross-border movement between Afghanistan and Pakistan is extensive, more should be done to promote exchanges between opinion leaders from the two countries, as well as contact between sports and other cultural elements.

The development of Pakistani-Afghan exchange programming on a variety of levels is a key element to dispelling mistrust and building cooperation on a variety of cross-border issues. PAS Kabul and PAS Islamabad recently sent International Visitor grantees on a special Afghan-Pak project, enabling an influential leader from Paktia province to join colleagues from the NWFP in Pakistan to explore how federal, state and local levels of government in the U.S. interact. Kabul's participant had nothing but praise for the program and said that he had enjoyed sharing the experience with the Pakistani officials, whom he now considers to be colleagues on border issues. Exchanges of this type, which are most successful in "neutral" environments such as the United States, can and should be increased.

¶16. (C) The Afghan and Pakistani youth exchanges facilitated by the Bureau of Educational and Cultural Affairs

may prove more important in the long run as a means to heal old wounds. PAS Kabul and PAS Islamabad are currently working to expand ECA alumni programs among young returnees, supporting joint projects of the Afghans and Pakistanis back from a year on ECA's YES high school program. Ten of the Afghan boys launched the process, traveling to Pakistan in late December to assist with earthquake relief. In addition, ECA support for Seeds of Peace in South Asia can provide an even more focused opportunity for Afghan and Pakistani youth to meet and discuss differences.

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